

Message Text

LIMITED OFFICIAL USE

PAGE 01 ABIDJA 04918 121026Z

14-11

ACTION COME-00

INFO OCT-01 AF-06 ISO-00 EB-07 /014 W

----- 013600

P 111645Z JUN 75

FM AMEMBASSY ABIDJAN

TO SECSTATE WASHDC PRIORITY 3717

LIMITED OFFICIAL USE ABIDJAN 4918

DEPARTMENT PASS USDOC MEPD

E.O. 11652: N/A

TAGS: BEXP, IV

SUBJECT: TAABO HYDROELECTRIC PROJECT

REF: A) STATE 117804 B) STATE 131593

1. EVENTS HAVE BEEN PROCEEDING RAPIDLY REGARDING TAABO PROJECT AND EMBASSY IS ONLY NOW IN POSITION TO PROVIDE USEFUL STATUS REPORT. ALL BIDDERS HAVE BEEN INVITED TO COME TO ABIDJAN TO DISCUSS THEIR BIDS AS SUBMITTED AS WELL AS SOME TECHNICAL CHANGES BEING MADE IN THE EQUIPMENT SPECIFICATIONS. THESE TECHNICAL CHANGES ARE LARGELY REVERSIONS TO SYSTEMS ORIGINALLY RECOMMENDED BY KAISER BUT NOT ACCEPTED BY THE CUSTOMER/EECI FOR THE ORIGINAL CALL FOR BIDS.

2. FINANCIAL DISCUSSIONS CENTER AROUND TWO CONSIDERATIONS:

A. KAISER ATTEMPTED TO SECURE AS MANY FIXED-COST CONTRACTS AS POSSIBLE FOR THE CUSTOMER. BIDDING HAS SHOWN THAT MOST COMPANIES WILL NOT BID FIXED-PRICE, THUS OBLIGING KAISER TO NEGOTIATE SOME OTHER FORMULA.

B. THE HYDROELECTRIC COMMISSION WHICH IS EXAMINING BIDS DEMANDED THAT ALL BIDDERS CALCULATE THEIR OFFERS TO INCLUDE EQUIPMENT DELIVERED ON SITE AND COMPLETELY ERECTED. THE ADDED EXPENSE OF SEVERAL COMPANIES GEARING UP TO ACCOMPLISH RECEPTION, TRANSIT, ERECTION, ETC., HAS BEEN RECOGNIZED AND THE FUNCTION

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 ABIDJA 04918 121026Z

MAY NOW BE TAKEN OUT OF INDIVIDUAL BIDS AND AWARDED TO A SEPARATE

CONTRACTOR.

3. IN LINE WITH PARA 2A, DRAVO WOULD HAVE BEEN SUMMARILY DISQUALIFIED FROM COMPETITION DUE TO THE NONRESPONSIVENESS OF ITS BID WERE IT NOT FOR THE FACT THAT GOIC WOULD THEN HAVE HAD ONLY ONE OTHER BIDDER FOR TP-1. BECAUSE THE FRANCO-ITALIAN CONSORTIUM

(GET) DID SUBMIT A FIXED-COST BID THE GOIC IS OBLIGED TO NEGOTIATE WITH IT BEGINNING NEXT WEEK. ITS BID IS \$25 MILLION MORE THAN DRAVO, THUS MUST BE REDUCED GREATLY TO BE ACCEPTABLE. IF GET WILL NOT COME DOWN CONSIDERABLY IN PRICE, BOTH BIDS COULD BE THROWN OUT AND A NEW CALL-FOR-BIDS ISSUED FOR "COST REIMBURSABLE WITH TARGET FEE" OFFER.

4. IF RECOURSE TO NEW BIDDING IS NECESSARY, KAISER ENGINEERS MAY HAVE TO STEP ASIDE FOR THE PROPOSAL ANALYSIS BECAUSE IF THE "COST REIMBURSABLE WITH TARGET FEE " BIDS ARE NOT ACCEPTABLE, THE GOIC CAN CALL ON KAISER CONSTRUCTION TO MAKE A PROPOSAL FOR THE CONSTRUCTION. KAISER, AT THE BEHEST OF THE GOIC, COMMITTED ITSELF TO BE THE "CONTRACTOR OF LAST RESORT" IF ALL ELSE FAILS. IT IS UNCLEAR WHETHER THE CLIENT WOULD REQUEST THAT THE NEW TENDER BE OPEN TO ALL COMERS OR RESTRICTED TO DRAVO AND IMPREGILIO; KAISER LEANS TOWARD THE LATTER APPROACH FOR PRACTICAL REASONS--IT WOULD SAVE THE CLIENT CONSIDERABLE TIME. DRAVO HAS INDICATED THAT IF ASKED TO REBID ON A "COST REIMBURSABLE WITH TARGET FEE" BASIS, IT MIGHT NOT DO SO IF IT HAD TO DISCUSS ITS BID WITH A POTENTIAL COMPETITOR-KAISER. COMMENT: EMBASSY PLANS TO SEEK CLARIFICATION FROM KAISER REGARDING WHY IT AGREED TO PLACE ITSELF IN THE DELICATE POSITION OF BEING A POTENTIAL COMPETITOR OH TP-1. IF THEY STEP ASIDE DURING A SECOND ROUND OF BIDS, IT WOULD BE MOST DIFFICULT FOR THE CLIENT TO FIND ON SHORT NOTICE A CONSULTING ENGINEER FIRM TO EVALUATE THE OFFERS. DRAVO PEOPLE ARE PRESENTLY MEETING IN PITTSBURG TO PLAN THEIR NEXT STEPS. ONE APPROACH BEING CONSIDERED IS TO SEEK A MEETING WITH PRESIDENT HOUPHOUET BOIGNY TO ASK HIM TO HAVE KAISER WITHDRAWN AS "CONTRACTOR OF LAST RESORT" ON GROUNDS THAT IT IS UNETHICAL FOR KAISER TO WEAR TWO HATS--CONSULTING ENGINEER AND POTENTIAL CONSTRUCTION CONTRACTOR. END COMMENT.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 ABIDJA 04918 121026Z

5. THE FRANCO-ITALIAN CONSORTIUM IS APPARENTLY EXPERIENCING SOME INTERNAL PRESSURE. THE IMPREGILIO GROUP ASSOCIATED ITSELF WITH FRENCH EQUIPMENT SUPPLIERS BECAUSE IT COULD FIND NO ADEQUATE FINANCING. APPARENTLY THE ITALIANS HAVE NOW COME UP WITH SOME FINANCING AND MAY BE CONSIDERING A BREAK WITH THE SEVEN FRENCH SUPPLIERS. IMPREGILIO HAS A GOOD REPUTATION WITH KAISER. THE

CONSORTIUM WILL BE IN ABIDJAN NEXT WEEK.

6. KAISER IS ANXIOUS TO HAVE THEVARIOUS SUPPLIERS AWARE OF ITS ATTEMPTS TO REMAIN OBJECTIVE IN ALL ASPECTS OF BIDDING PROCESS. TECHNICAL CHANGES BEING MADE IN EQUIPMENT SPECS ARE GENERALLY NOT OF KAISER ORIGIN, INCLUSION OF ERECTION IN THE VARIOUS TP SPECS WAS AGAINST KAISER'S ADVICE, AND FINALLY, KAISER IS CONCERNED THAT PARA FOUR ABOVE BE CLEAR TO ALL PARTIES.

7. IN RESPONSE TO SPECIFIC MEPD QUESTIONS:

A. AMERICAN FIRMS ARE IN GENERAL NOT GETING TOGETHER ALTHOUGH CHOOSING A COMMON CONTRACTOR PER PARA 2B FOR TP-2, 3, 4 COULD EASILY PRECIPATE A UNION.

B. FINANCING FOR GET APPEARS TO BE FROM COFAS AND WHILE NOT CONFIRMED,IS LIKELY TO BE ON THE ORDER OF 7 1/2 PERCENT OVER 10 YEARS.

C. CONCERNING BELGIAN PROPOSAL ON TP- 2-8, ACEC IS WHQLLY OWNED BELGIAN SUBSIDIARY OF WESTINGHOUSE WHO SUBMITTED AS FOLLOWS IN MILLIONS OF CFA FRANCS:

TP2 ACEC 3,133

TP3 ACEC 2,074

TP4 ACEC 610

TP 5 ACEC WITH CLENNESEY(FRENCH)
1,570

TP6 ACEC WITH B.U.S. (FRENCH)
500

TP7 ACE WITH JOSEPH PARIS(FRENCH)
936

TP8 ACEC WITH JOSEPH PARIS(FRENCH)
208

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 ABIDJA 04918 121026Z

ACCORDING ACEC REP, APPROXIMATELY 25 PERCENT OF TOTAL 9 BILLION COULD BE AMERICAN EQUIPMENT. SEE PARA 8 BELOW.

8. WESTINGHOUSE HAS AN ALTERNATE BID IN TP-3 FOR GENERATORS FOR THE SAME FIGURE CITED IN THE ORIGINAL ACEC PROPOSAL. THE EQUIPMENT IN THE ORIGINAL ACEC TP-3 IS TO E MADEBY ESCHER WYSS AND IS QUOTED AT 2,074 MILLION CFA FRANCS. THE WESTINGHOUSE ALTERNATE TO THIS TP-3 IS WESTINGHOUSE USA EQUIPMENT AT EXACTLY THE SAME PRICE ASTHE ESCHER WYSS QUOTE. THE WESTINGHOUSE TP-3 OFFER DOES NOT HAVE TO BE TAKEN IN CONSORTIUM WITH OTHER ACEC PROPOSALS. SMITH

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 11 JUN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975ABIDJA04918
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750205-0022
From: ABIDJAN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750658/aaaacbac.tel
Line Count: 165
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION COME
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 STATE 117804, 75 STATE 131593
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 21 MAY 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <21 MAY 2003 by MartinML>; APPROVED <22 MAY 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: TAABO HYDROELECTRIC PROJECT
TAGS: BEXP, IV
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006